

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0136
COMPANY NAME : GREENYIELD BERHAD
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has overall responsibilities for the performance and affairs of the Group. The Board members with a wide range of skills and experience from financial and business background lead and control the Group. To ensure the effective discharge of its functions and responsibilities, the Board established an internal governance model for the delegation of specific powers of the Board to the Executive Directors and the properly constituted Board Committees, namely the Audit, Nomination, and Remuneration Committees. The Board Committees are entrusted with specific responsibilities to oversee the Group's affairs in accordance with their respective terms of references. All matters deliberated in the Board Committees are required to be reported to the Board for endorsement and/or approval. As such, the direction and control of the Group are firmly with the Board.</p> <p>The Executive Directors, representing the Management, are primarily responsible for the Group's day-to-day management and operations. The Executive Directors formulate operation plans and oversee the execution of these plans. The Independent Non-Executive Directors are actively involved in various Board Committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance and controls. They provide broader views, independent assessments and opinions on management proposals.</p> |
| Explanation for departure | : | |
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Chairman of the Company, Dr Zainol Bin Md Eusof, who is an Independent Non-Executive Director is primarily responsible for the orderly conduct and leadership of the Board.</p> <p>The responsibilities of the Chairman, amongst others, are as follows:-</p> <ul style="list-style-type: none"> a) To lead the Board and ensure its effectiveness of all aspects of its role; b) To represent the Board to the shareholders and indirectly to the general public for Company's performance; c) Chairs Board meetings and encourages active participation and healthy discussion to ensure that dissenting views can be freely expressed and discussed; d) To maintain a relationship of trust with and between the Executive and Independent Non-Executive Directors; and e) Ensuring all Directors are properly briefed on issues arising at the Board meetings |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The roles of the Chairman and the Group Managing Director are distinct and separate as each has a clearly accepted division of responsibilities to ensure a balance of power and authority.</p> <p>The Chairman of the Company, Dr Zainol Bin Md Eusof, who is an Independent Non-Executive Director is primarily responsible for the orderly conduct and leadership of the Board, whilst the Group Managing Director, Tham Foo Keong, has the overall responsibility for the day to day running of business, organisational effectiveness, and implementation of Board policies and decisions. The Group Managing Director, by virtue of his position also functions as the intermediary between the Board and senior management, acts as the Group's official spokesperson, and is responsible for planning the future direction of the Group for the Board's consideration and approval.</p> <p>The division of the roles and responsibilities of the Chairman of the Board and Group Managing Director is clearly defined in the Board Charter, which is available on the Company's website at www.greenyield.com.my.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company appointed 3 qualified Company Secretaries, namely Ms Joanne Toh Joo Ann, Ms Wong Peir Chyun and Ms Sia Ee Chin, who are responsible for advising the Board on regulatory requirements and corporate governance matters to ensure that the Board discharge their duties and responsibilities effectively.</p> <p>Ms Joanne Toh Joo Ann is a Licensed Secretary by the Companies Commission of Malaysia, whilst Ms Wong Peir Chyun and Ms Sia Ee Chin are Associate (ICSA) and Member of the Malaysian Institute of Chartered Secretaries And Administrators. Below is a summary of the relevant activities during the financial year ended 31 December 2020 carried out by the Company Secretaries of the Company:</p> <ul style="list-style-type: none">(a) Advised the Directors on their roles and responsibilities and provided regular updates on new statutory and regulatory requirements relating to the discharge of the Directors' duties and responsibilities;(b) Ensured that the Board and the Board Committees function effectively.(c) Monitored the developments in corporate governance and facilitated the Board's application of the best practices of Malaysian Code on Corporate Governance ("MCCG");(d) Attended all Board and Board Committees meetings and facilitated board communications;(e) Ensured that the deliberations and decisions made by the Board and Board Committees are accurately minuted, and the records of the proceedings of the Board and Board Committees meetings are properly kept;(f) Recorded the Directors' interests disclosures and advised the interested Directors the requirements on restrictions in voting or deliberation on related matters during the meetings;(g) Facilitated and attended Engagement with the Regulators; and(h) Managed processes of the annual shareholder meetings. |

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| | During the financial year ended 31 December 2020, the Company secretaries had undertaken continuous professional development by attending the relevant conferences, trainings and seminars programmes to keep abreast of the regulatory changes and developments in Corporate Governance and Companies Act 2016. | |
| Explanation for departure | : | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Directors have access to timely and accurate information which enables the Directors to discharge its duties effectively and efficiently. At Board Meetings, the agenda and board papers are distributed in advance to enable Directors to have sufficient time to review the board papers and to obtain further explanation or clarification to facilitate the decision-making process. Representatives from the Management and external advisors may also be invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda. The Board papers include reports relevant to the issues of the meeting covering the areas of:-</p> <ul style="list-style-type: none">a) Quarterly financial reports, reports on cash flow and borrowing positions, budgets and other financial reports;b) Business development reports;c) Operational matters;d) Corporate developments of the Group;e) Audit reports;f) Directors' share dealings;g) Reports on related party transactions and recurrent related party transactions;h) Reports on the framework of internal controls and regulatory compliance;i) Regulatory compliance matters and updates issued by the various regulatory authorities; andj) Any other matters for the Board's decision. <p>A well structured agenda also allows the Chairman of the Board good control over the conduct of the meeting and allocation of time for discussion of various matters. Senior Management and external advisers may be invited to attend Board Meetings to provide their professional views, advice and explanations on specific items on the agenda.</p> |

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| | <p>All Directors have full and unrestricted access to all information within the Group and direct access to the advice and services of the Company Secretary who advises the Board on the Directors' responsibilities under the respective legislations and regulations and Company's compliance with the relevant laws and regulatory requirements. The Directors may take independent advice, at the Company's expense, in the exercise of their duties should such advisory services be considered necessary.</p> <p>All deliberation in terms of issues discussed and all decisions made during Board Meetings are recorded in the Board minutes for completeness and accuracy which are then circulated to all Directors and duly signed by the Chairman of the Meeting.</p> | |
| <p>Explanation for departure</p> | <p>:</p> | |
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| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | <p>:</p> | |
| <p>Timeframe</p> | <p>:</p> | |

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies—

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Executive Directors are responsible for implementing the corporate strategies and management of the day-to-day operations of the Group whereas the Independent Non-Executive Directors are responsible for exercising independent judgment and to act in the best interests of the Group in ensuring that decisions made by the Board are deliberated fully and objectively with regard to the long term interests of all stakeholders. The respective roles and responsibilities of the Board are clearly set out in the Board Charter. The Board Charter will be periodically reviewed and the details of the Board Charter are available for reference at www.greenyield.com.my.</p> <p>The Board Charter sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Board Charter is a source reference and primary induction literature, providing insights to prospective board members and senior management. It will also assist the Board in the assessment of its own performance and that of its individual directors.</p> <p>The Board Charter sets out the key values, principles and ethos of the company, as policies and strategy development are based on considerations in the Board Charter. The Board Charter includes the division of responsibilities and powers between the Board and management which is led by the Executive Directors, the different committees established by the board, and between the Chairman and the Group Managing Director. The Board Charter also sets out processes and procedures for convening board meetings.</p> <p>Any amendment to the Board Charter can only be approved by the Board. The Board Charter was last reviewed on 21 June 2018 and would be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the</p> |

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| | discharge of the Board's responsibilities. | |
| Explanation for departure : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

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| Application | : | Applied |
| Explanation on application of the practice | : | The Board has formalised in writing a Code of Conduct, setting out the standards to engender good corporate practices. The Code advocates the ethical values that form the basis for business decisions. The Code of Conduct has been communicated to all levels of employees in the Group. The Code of Conduct and is available for reference at the company's website at www.greenyield.com.my . |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has also formalised in writing the Company’s Whistle-Blowing Policy, which provides appropriate communication and feedback channels to facilitate whistle-blowing.</p> <p>The Whistle-Blowing Policy is available for reference at the company’s website at www.greenyield.com.my.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The present Board is made up of eight (8) Directors comprising an Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors and four (4) Executive Directors.</p> <p>The Board acknowledged the importance of Independent Directors, in particular those who are subject matter experts in the fields of business that the Group is involved in, in order to support objective and independent deliberation, review and decision making.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

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| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Nomination Committee and Board have decided not to adopt the two-tier voting process as recommended by the Malaysian Code on Corporate Governance for the retention of Independent Non-Executive Directors.</p> <p>The Nomination Committee and Board concluded that the qualification, experience and credentials of Dr Zainol Bin Md Eusof, Mr Yong Swee Lin and Mr Mahbob Bin Abdullah are valuable to the Board. They are familiar with the Group's business operations and are aware of current issues confronting the Group. With their knowledge of the Group and industry, they are able to provide valuable input to the Board in steering the Group forward.</p> <p>Dr Zainol Bin Md Eusof, Mr Yong Swee Lin and Mr Mahbob Bin Abdullah have served as Independent Directors of the Company for a cumulative term of more than nine (9) years.</p> <p>The Nomination Committee and Board have determined that Dr Zainol Bin Md Eusof, Mr Yong Swee Lin and Mr Mahbob Bin Abdullah fulfil the criteria of Independent Director pursuant to the Main Market Listing Requirements.</p> <p>They have remained objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their services on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Company.</p> <p>The Board shall table the resolutions for retaining their services as Independent Directors for shareholders' approval at the forthcoming</p> |

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| | Eighteenth (18 th) Annual General Meeting by way of ordinary resolutions. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

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| Application | : | Not adopted |
| Explanation on adoption of the practice | : | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at leadership and employee level.</p> <p>All nominees and candidates to the Board are first considered by the Nominating Committee taking into consideration the mix of skills, competencies, experience, integrity, time commitment and other qualities required to effectively discharge his or her role as a director. The Nominating Committee will then endorse the nominees and candidates for approval by the Board.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

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| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Board acknowledges the benefits of board diversity, including age, gender and ethnic diversity, to the effective functioning of the Board. Nevertheless, when considering new appointments to the Board, the Nomination Committee and the Board will evaluate the suitability of candidates solely in meeting the needs of the Company based on a set of criteria / candidates' experience, competency, character, time commitment, integrity and potential contribution to the company with the primary aim of selecting the best candidates to support the achievement of the Company's strategic objectives. Such evaluation criteria are not limited by the age, gender, and ethnicity of the proposed new director for appointment to the Board.</p> <p>On 28 March 2019, the Board announced the appointment of Ms Suhnylla Kaur Kler, Independent Director. She is the Company's first woman Director to serve on the Board.</p> <p>The Nomination committee will take steps to identify more female candidates subject to appropriate due diligence on the candidate's compatibility, competency, character, time commitment, integrity and experience. The Nomination committee will also take into consideration this requirement and propose to the Board the policy for the boardroom gender diversity.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board delegates to the Nomination Committee the responsibility to establish a formal and transparent procedure for the nomination and appointment of new Directors of the Board.</p> <p>The Board does not solely rely on recommendations from existing board member, management or major shareholders, but also external recommendations and services in identifying suitably qualified candidates.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

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| Application | : | Applied |
| Explanation on application of the practice | : | The Nomination Committee is chaired by Senior Independent Non-Executive Director, Mr Yong Swee Lin. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Nomination Committee meets as and when necessary and shall meet at least once a year. The Nomination Committee held two (2) meetings during the financial year ended 31 December 2020 with full attendance. Matters discussed and deliberated during the Nomination Committee meetings include: -</p> <ul style="list-style-type: none">i) reviewed the composition of the Board and Board Committees, nominating the directors who are due for retirement and are eligible to stand for re-election;ii) assessed and evaluated the effectiveness of directors and the Board;iii) assessed the independence of the Independent Non-Executive Directors; andiv) assessed the continuation of office of Independent Non-Executive Directors who have served for a cumulative term of more than nine (9) years. <p>The evaluation of the Board is based on specific criteria covering areas such as the Board mix and composition, quality of information and decision making as well as Boardroom processes and activities whereas evaluation of performance of Directors is based on being fit and proper, contribution, calibre and personality. The evaluation results and comments by all Directors are discussed at the Nomination Committee which then makes recommendations to the Board.</p> |
| Explanation for departure | : | |

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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Remuneration Committee is authorised by the Board to consider and approve the remuneration arrangement of the Directors and Senior Management positions in the Company annually.</p> <p>The company's practices are to provide remuneration packages that are commensurate with experience, roles and level of responsibilities. The quantum of each package should be adequate and comparable to public listed companies of similar size.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established a Remuneration Committee comprised exclusively of Independent Non-Executive Directors and is chaired by Mr Yong Swee Lin.</p> <p>The Remuneration Committee is guided by appropriate policies and procedures when reviewing and recommending remuneration of board and senior management.</p> <p>The Remuneration Committee reviews annually and recommends matters relating to the remuneration of the Board and senior management to ensure that rewards commensurate with their contributions.</p> <p>The Terms of Reference of the Remuneration Committee are available on the Company's website at www.greenyield.com.my.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

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| Application | : | Applied | |
| Explanation on application of the practice | : | The detailed disclosure on name basis for individual directors including fees, salaries, bonus, benefits and allowances was made on page 32 of the Annual Report. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

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| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | The Board views that it is inappropriate to disclose the remuneration of the key senior management to uphold privacy, sensitivity and security of the employees. |
| | | The Group has in place an annual performance appraisal process which takes into account individual performance and company performance. |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

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| Application | : | Not adopted |
| Explanation on adoption of the practice | : | |

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Chairman of the Audit Committee is Senior Independent Non-Executive Director, Mr Yong Swee Lin and the Chairman of the board is an Independent Non-Executive Director, Dr Zainol Bin Md Eusof. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

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| Application | : | Applied |
| Explanation on application of the practice | : | As included in the approved Terms of reference for Audit Committee, a former key audit engagement partner of the Company's external auditors firm is required to observe a cooling-off period of at least 2 years before he or she could be appointed as a member of the Committee. None of the members of the Audit Committee are former key audit partner within the cooling-off periods of 2 years. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | The Audit Committee, assisted by the management, undertakes an annual assessment of the suitability and independence of the External Auditors. The assessment of the External Auditor was conducted by completing personalised evaluation form as guided by the Corporate Governance Guide on Evaluation of External Auditors Performance and Independence checklist. The factors considered by the Audit Committee in its assessment include, adequacy of professionalism and experience of the staff, the resources of the external auditors, the fees and the independence of and the level of non-audit services rendered to the Group. The Audit Committee has assessed and is satisfied with the suitability and the confirmation provided by the external auditors that they have complied with the ethical requirements regarding independence with respect to the audit of the Group in accordance with all relevant professional and regulatory requirements. The Audit Committee has recommended to the Board the re-appointment of Grant Thornton Malaysia PLT as the External Auditors. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | Chairman and all members of the Audit Committee are Independent Non-Executive Directors. |

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | All members of the Audit Committee are Independent Non-Executive Directors and are financially literate. Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants (MIA). The members of the Audit Committee attend trainings and talks to keep them updated on developments on financial standard. Updates on developments in accounting and governance standards are presented by the external auditors at Audit Committee meetings. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board affirms its overall responsibility for reviewing the effectiveness, adequacy and integrity of the Group’s risk management framework and internal control system. The Board recognizes the need to maintain effective risk management practices and that a good system of internal control is a continuing process.</p> <p>The Board is aware of inherent limitations in any system of risk management and internal controls, where such systems are designed to manage and minimize risk appropriately rather than to eliminate the risks. Therefore, the internal control system can only provide reasonable and measured assurance against material misstatement, losses, fraud or breach of laws or regulations.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board puts in place the following internal control elements for the current year under review:-</p> <ul style="list-style-type: none">• The Executive Directors are closely involved in the running of the day to day business and operations of the Group by attending monthly meetings both at management and operational levels. The Executive Directors report to the Board on significant changes in the business and external environment, which affect the operations of the Group;• Review of statutory annual financial statements and quarterly reports by evaluating the reasons for unusual variances noted by the Board and Audit Committee before the announcement to Bursa Securities;• Review of internal audit reports, which highlight audit issues, recommendations and Management's responses and discussed with Management the appropriate remedial actions taken to improve the system of internal controls;• An organisational structure with defined lines of responsibilities, proper segregation of duties, and delegation of authority. The Board established hierarchical reporting which provides for a documented and auditable trail of accountability;• Standard Operating Procedures ("SOP") in key business processes and support functions which include sales & marketing, purchasing, credit control, logistics, and payment;• Timely submissions of monthly financial reports and key performance indicators to the Management for decision making;• Group human resources policies and publication of the Employees Handbook which highlights policies on health and safety, training and development, staff performance and serious misconduct. These policies help management with internal controls; |

| | |
|--|--|
| | <ul style="list-style-type: none"> • Policies and procedures published in the Company website, such as the Board Charter, Anti-Corruption Policy, Code of Conduct and Whistle -Blowing Policy; • Systematic performance appraisal system for all levels of staffs and directors; and • Annual audit by external quality auditors to ensure the quality system of Greenyield Industries (M) Sdn. Bhd. and RCP Technologies Sdn. Bhd. are in compliance with the requirements of the ISO 9001:2015 Certifications. In addition, Greenyield Industries (M) Sdn. Bhd. is also in compliance with the requirements of the ISO 14001:2015 Certification. The certification serves as an assurance to customers on the quality of products and services by the Group. The Board believes that the above certifications will improve the Group's risk audit coverage. |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

| | | |
|--|---|-------------|
| Application | : | Not adopted |
| Explanation on adoption of the practice | : | |

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board and Audit Committees have appointed Baker Tilly Monteiro Heng Governance Sdn Bhd, for the establishment of an independent internal audit function which is in compliance with the Listing Requirements of Bursa Securities for the financial year ended 31 December 2020.</p> <p>During the financial year ended 31 December 2020, the internal auditors carried out reviews in accordance to the approved Internal Audit Plan. The internal audit review covered areas related to the Inventory Management and Security Management for Greenyield Industries (M) Sdn Bhd; and review of the purchasing, sales, inventory management and security management for GIM Triple Seven Sdn Bhd and RCP Technologies Sdn Bhd. The reviews covered the assessment on the adequacy and effectiveness of internal controls on key processes of the Group. Upon completion of the internal audit reviews, the internal audit observations, recommendations and management comments were reported to the Audit Committee. Issues arising thereon were reviewed, deliberated, and acted upon by the Audit Committee for remedial action to address, mitigate, manage, and address the identified risks.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Group outsourced its internal audit function to Baker Tilly Monteiro Heng Governance Sdn Bhd (“Baker Tilly”), led by Mr Kuan Yew Choong, who graduated with the Association of Chartered Certified Accountants (UK), a professional member of the Institute of Internal Auditors, Malaysia and a Chartered Accountant (Malaysian Institute of Accountants).</p> <p>There were three (3) internal auditors, including an Associate Director, which were deployed by Baker Tilly for the internal audit work performed for the Group during the financial year ended 31 December 2020. All the personnel deployed by Baker Tilly are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.</p> <p>The internal audit work was carried out based on Baker Tilly Internal Audit Methodology, which is closely consistent with the International Professional Practices Framework (IPFF) of the Institute of Internal Auditors.</p> <p>For the financial year ending 31 December 2021, the Board had at the recommendation of the Audit Committee appointed Talent League Sdn Bhd on 26 November, 2020 for the establishment of an independent internal audit function which is in compliance with the Listing Requirements of Bursa Securities</p> |
| Explanation for departure | : | |
| | | |

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the importance of accurate and timely dissemination of information to shareholders about the Group's financial performance and other matters affecting the shareholders' interest. This is achieved through accurate and timely disclosures and announcements to Bursa Securities including the quarterly financial results, annual reports, circulars, and other general meetings.</p> <p>The Company also via its website (i.e. www.greenyield.com.my), includes a Corporate section which provides all relevant information of the Company, and it is accessible to the public. This Corporate Section enhances the Investor Relations function by including all announcements made and other corporate information.</p> <p>The Investor Relations function is established to enable continuous communication between the Company and its stakeholders. The stakeholders are encouraged to channel their concerns to the contact person whose name and email address: investors@greenyb.com is provided on the Company's website.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

| | | | |
|--|---|---|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | The group is not under the category of large companies as defined in the MCCG, and hence this is deemed not applicable. | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The notice of the 18 th Annual General Meeting was given at least 28 days prior to the Meeting. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | All Directors have attended the Seventeenth AGM held on 27 August 2020 and responded to questions addressed to them. The Board regards that Annual General Meetings (“AGMs”) and Extraordinary General Meetings (“EGMs”) are the primary forum for communication by the Company with its shareholders and for shareholders’ participation. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

| | | | |
|--|---|---|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Not applicable to the Company in view that the Company does not have large number of shareholders, did not in the past held meetings in remote location and does not intend to have meetings in remote locations in the future. | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

| |
|----------------|
| Not applicable |
|----------------|